

Message Text

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ACTION NEA-10

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AMEMBASSY ABU DHABI

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AMCONSUL DHAHRAN

AMEMBASSY MANAMA

AMEMBASSY JIDDA

AMEMBASSY NAIROBI

AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS: BMEP, BEXP, ECRE, ELAB: KU

SUBJ: KUWAIT HOUSING PROGRAMS; CONSIDERABLE FOREIGN
INVOLVEMENT REQUIRED.

SUMMARY: NATIONAL HOUSING AUTHORITY (NHA) WILL BE GIVEN
WIDE RESPONSIBILITY IN CHOOSING FOREIGN CONSULTANTS AND
CONTRACTORS IN IMPLEMENTING ITS MANDATE TO BUILD \$700
MILLION IN HOUSING OVER NEXT FIVE YEARS. NHA WILL BE
SOURCING ITS MANPOWER AND MATERIAL REQUIREMENTS HEAVILY FROM
OUTSIDE KUWAIT IN ORDER NOT TO FURTHER DISRUPT THE ALREADY
STRAINED LOCAL CONSTRUCTION INDUSTRY. HOUSING PROGRAMS WILL
FOCUS ON BOTH LIMITED INCOME AND MIDDLE CLASS KUWAITI GROUPS.
CONSULTANTS ARE IN PROCESS BEING SELECTED FOR INITIAL PILOT
PROJECTS. PROSPECTS LOOK GOOD FOR USE OF SOME TYPE OF PREFAB
OR INDUSTRIAL HOUSING TECHNIQUES. END SUMMARY.

1. EMBASSY HAS RECEIVED FIRST-HAND INFORMATION CONCERNING
COMMERCIAL ASPECTS NATIONAL HOUSING AUTHORITY'S AMBITIOUS 5-
YEAR, \$700 MILLION PUBLIC HOUSING PROGRAMS WHICH WORTH REPEATING.

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2. NHA HAS STRONG MANDATE FROM MINISTERIAL COUNCIL TO ACT

DECISIVELY AND AVOID NORMAL BUREAUCRATIC CHANNELS WHICH SEEM TO SLOW SO MANY LOCAL PROJECTS. AS EXAMPLE, AUTHORITY CAN CHOOSE ITS OWN CONSULTANTS INDEPENDENTLY OF PLANNING BOARD WHICH NORMALLY HANDLES CONSULTANT SELECTION FOR ALL GOK BODIES. NHA WOULD ALSO DO ALL EVALUATION OF CONSTRUCTION AND EQUIPMENT TENDERS, ALTHOUGH AS FORMALITY GOK CENTRAL TENDERS COMMITTEE WOULD ANNOUNCE THESE TENDERS AND INITIALLY RECEIVE THE OFFERS.

3. OF IMMEDIATE CONCERN ARE TWO PILOT PROJECTS PLANNED BY NHA IN SULEIBIKHAT, AN AREA SEVERAL MILES WEST OF KUWAIT CITY, AND IN WATIYA, ON THE WESTERN EDGE OF THE OLD TOWN. SULEIBIKHAT BY FAR LARGER OF TWO PROJECTS AND WILL ENCOMPASS SIGNIFICANT AMOUNT OF LAND IN THE AREA. CONSULTANT SELECTION PROCESS WILL BE COMPLETED IN TWO STAGES. APPROX. 25 COMPANIES WILL BE INVITED TO SUBMIT STATEMENTS OF QUALIFICATION AND FROM RESPONSES RECEIVED FIVE OR SIX OF THESE COMPANIES WILL BE SOLICITED TO MAKE PROPOSALS. FIRM SELECTED WILL BE THEN ASKED TO DO ALL NECESSARY ARCHITECTURAL AND ENGINEERING FOR THE PROJECTS ALONG WITH A SYSTEMS EVALUATION -- THAT IS THEY WILL BE ASKED TO RECOMMEND PREFAB OR INDUSTRIAL HOUSING SYSTEM SUITABLE TO IMPLEMENT THEIR PLANS. WE UNDERSTAND COMPANIES TO BE INVITED ALREADY SELECTED BY NHA.

4. OF FURTHER GREATEST INTEREST IN NHA'S IMPACT ON THE LOCAL CONSTRUCTION INDUSTRY. APPEARS PRESENT CONSTRUCTION ACTIVITY HAS ALREADY STRETCHED KUWAIT NEAR THE LIMITS OF ITS MANPOWER RESOURCES AND MATERIALS SUPPLIES IN THE LOCAL INDUSTRY. AUTHORITY WOULD, THEREFORE, SOURCE FROM OUTSIDE THE COUNTRY RATHER THAN FURTHER DEPLETING INTERNALLY AVAILABLE SUPPLIES OF CONSTRUCTION MATERIALS AND EQUIPMENT. MOREOVER, COUNTRY WOULD BE RELYING ON FOREIGN CONTRACTORS SELECTED FOR HOUSING WORK TO SUPPLY AS MUCH OUTSIDE SUPERVISORY PERSONNEL AND LABOR AS POSSIBLE SO AS NOT TO COMPETE WITH LOCAL CONTRACTORS.

5. NHA WILL CONCENTRATE ON BOTH "LIMITED INCOME" HOUSING AND HOUSING FOR MIDDLE CLASS KUWAITIS, BUT RESPONSIBILITY FOR "LOW COST" PUBLIC HOUSING WHICH IS THE CHEAPEST TYPE OF PUBLIC ACCOMMODATIONS BUILT (USUALLY PROVIDED TO BEDOUINS) WILL REMAIN WITH THE GOVERNMENT-OWNED CREDIT AND SAVINGS BANK. LIMITED OFFICIAL USE

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(SEVERAL US FIRMS ARE ALREADY IN CONTACT WITH BANK ABOUT ITS PROJECTS).

6. COMMENT: NHA STILL HAS NOT RPT NOT FINALIZED PLANS FOR ATTACKING KUWAIT'S HOUSING PROBLEMS. POSSIBILITY, THAT KUWAIT WILL USE INDUSTRIAL HOUSING TECHNIQUES REMAINS STRONG BUT MUCH WILL DEPEND UPON ADVICE THEY RECEIVE FROM AID TEAM. RECENT VISITOR FROM BOISE-CASCADE HOUSING GROUP CONCLUDED THERE

LITTLE DEMAND FOR SYSTEMS USING LUMBER, BUT WE BELIEVE
KUWAITIS CLOSE TO HOUSING SCENE FAVOR USE SYSTEMS EMPLOYING
PRESTRESSED CONCRETE. IF KUWAITIS OPT FOR USE CONVENTIONAL CON-
STRUCTION, LIKELY SUCCESSFUL CONTRACTOR WILL HAVE TO IMPORT
LABOR FROM OUTSIDE KUWAIT. HOWEVER, NHA WILL ULTIMATELY BASE
PLANS ON ADVICE RECEIVED FROM AID AND OTHER OUTSIDE CONSULTANTS.
STOLTZFUS

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